



STATE SENATOR

BILL WHITE

32ND SENATORIAL DISTRICT



COVID-19 Assistance for Businesses

Our country is built on the courage, grit and entrepreneurship it takes to open a business. Owners work day in and out trying to make the business succeed for themselves, their employees and their communities. A business becomes the owner's life, not just their livelihood. When unexpected hardships come along, it's difficult to know what to do or where to turn. This guide is for the business owners in Dade, Jasper and Newton counties who face unthinkable obstacles during the COVID pandemic. It will hopefully make connecting to resources one less thing you have to worry about in the coming months.

HOW WILL I KEEP MY BUSINESS OPEN IF MY DOORS ARE FORCED TO CLOSE?

With the "stay-at-home" order issued in Missouri, many businesses are asking this question. I believe each business, large or small, will face certain financial setbacks from this virus. Fortunately, the federal government is taking action to help businesses stay open during these uncertain times.

Two subsidiary programs of the CARES Act apply directly to helping businesses weather the coronavirus and its ancillary effects. Please note that changes are continuously coming from Washington, D.C., so be sure to check the [Small Business Administration](#) website often.

Economic Injury Disaster Loans

Small business owners who employ less than 500 may apply for up to \$10,000 to help them sustain through temporary revenue losses, and in most cases the advance will not have to be repaid. Apply for an EIDL [here](#).

Small Business Paycheck Protection Loan Program (PPP)

These forgivable loans are available now to keep your workers "on the clock" for eight weeks. Some of our local banks are approved lenders, so consider contacting your regular bank officer to discuss options.

HOW DOES IT WORK?

If you employ less than 500 people, you may apply for a PPP loan through a [pre-approved SBA lender](#). Payments and interest are deferred for six months minimum. You may borrow up to 250 percent of your average monthly payroll and use the money to pay employees, utilities,

rent and other operating expenses. **The debt is forgiven if you keep your workers employed through June 30, 2020.**

HOW DO I CALCULATE 250 Percent?

When you are calculating the amount for the loan, count everything you pay your employees and include salaries, wages, vacation pay, sick leave, health insurance and related state and local taxes. Multiply that sum by 2.5 to determine the total you may borrow. Sole proprietors, freelancers and independent contractors may count all compensation or net earnings from self-employment.

WHAT ARE THE LIMITS?

The maximum qualified compensation for individual employees is \$100,000, and these loans are limited to \$10 million per company.

DOES YOUR BUSINESS QUALIFY?

Most small businesses and nonprofits that employ fewer than 500 people qualify for a PPP loan. Sole proprietors, independent contractors and other self-employed persons may also apply.

Note: Special rules for franchises and food service allow those businesses with more than 500 total employees to still participate if individual locations have fewer than 500 workers.

WHERE DO I APPLY?

Ask your local bank, credit union or farm credit system if they handle [SBA loans](#). No collateral or personal guarantee is required, but your lender will need documentation of your payroll expenses. Small businesses and sole proprietors may apply now. Click [here](#) for sample SBA application.

HOW DO I MAKE SURE THE LOAN WILL BE FORGIVEN?

There are several limitations on these loans, so discuss the specifics with your lender. Certain expenses and obligations incurred prior to February 15, 2020 apply. The money must be spent during the eight-week period following the loan's approval.

As long as you keep your employees on the payroll and don't cut their wages, the SBA will forgive the amount used to cover salaries, wages, benefits, rent, mortgage interest or utilities. The loan will also be forgiven if you rehire the employees you had already laid off due to the coronavirus. If you cut your workforce or their pay, the forgiven portion of the loan will be reduced by 25 percent. You have **until June 30** to get back to the previous employment and salary levels you had established prior to the pandemic.

Apply for loan forgiveness with your lender after June 30, 2020. The lender will verify your payroll and business expenses to determine if you qualify.

WILL I HAVE TO PAY IT BACK?

The loan will be considered a regular, repayable loan if you cut your workforce or their pay by

more than 25 percent. PPP loans have two-year terms, an interest rate of 1.0 percent and no penalty for early repayment. Keep your employees on payroll to avoid having to pay it back!

IS THIS TOO GOOD TO BE TRUE?

The SBA's Paycheck Protection Program is designed to keep employers and employees above water and on the payroll during the coronavirus shutdown. As long as you can certify that the money is necessary for your business' and employees' livelihood and that you will use it to pay qualifying expenses, you are protected.

Note: You cannot apply for a PPP loan if you already have a SBA Economic Injury Loan, but you may be able to consolidate the two.

Click [here](#) for additional coronavirus small business guidance and loan resources.

Click [here](#) for Interim Guidance for Businesses and Employers to Plan and Respond to Coronavirus Disease 2019 (COVID-19)

UNITED WE STAND

The best way to cope with any difficulty is to rely on each other, even when we have to maintain distance. I am very proud of our community's resilience and unity during this crisis, and my staff will try our best to provide assistance and answer your questions. Dial (573) 751-2173 or email bill.white@senate.mo.gov to reach me any time.